

# HOUSE . . . . . No. 2505

By Mr. Larkin of Pittsfield, petition of Peter J. Larkin and others for legislation to encourage higher education assistance by businesses with state income tax credits. Revenue.

## The Commonwealth of Massachusetts

### PETITION OF:

Peter J. Larkin	John W. Scibak
Matthew C. Patrick	John H. Rogers

In the Year Two Thousand and Five.

AN ACT ESTABLISHING HIGHER EDUCATION ASSISTANCE CONTRACTS, SO-CALLED.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Notwithstanding any general or special law to the  
2 contrary, the following terms used in this act shall have the  
3 following meanings:

4 “Business Entity” shall mean a person or persons conducting or  
5 operating a trade or business in the Commonwealth of Massachu-  
6 setts.

7 “Institution of higher education” shall mean the state colleges  
8 and public university system of the Commonwealth.

9 “Higher Education Assistance” shall mean financial assistance  
10 provided by a business entity to a student of a state college or  
11 public university of the Commonwealth to pay part or all of the  
12 cost of said student’s tuition and mandatory fees.

13 “Higher Education Assistance Contract” shall mean a contract,  
14 entered into by a business entity with a student, who has satisfied  
15 half of the required credit hours needed for graduation from said  
16 institution, in which the business entity agrees to give a student  
17 higher education assistance, and, the student agrees to be  
18 employed by the business entity in the state within 1 year after

19 graduation for a period equal to 1 year for each year of higher  
20 education assistance provided.

1 SECTION 2. A business entity that enters into a Higher Educa-  
2 tion Assistance Contract with a student may claim a credit against  
3 its state income tax in an amount equal to 20% of the cost of  
4 higher education assistance incurred by the business entity during  
5 the taxable year;

6 (b) provided further that the total amount of the credit allowed  
7 under this section for any taxable year may not exceed the lesser  
8 of \$200,000 or the state income tax for that taxable year, calcu-  
9 lated before application of the credits under this section and under  
10 the state tax code;

11 (c) provided further that the cost of said Higher Education  
12 Assistance Contract program shall not exceed an amount greater  
13 than \$10 million;

14 (d) provided further that any unused amount of the tax credit  
15 for any taxable year may not be carried over to any other taxable  
16 year;

17 (e) and provided further that the tax credit allowed under this  
18 section may not be earned for any taxable year beginning on or  
19 after January 1, 2010.

1 SECTION 3. (a) The tax credits allowed under this act shall be  
2 recaptured as provided in subsection (b) of this section if a student  
3 fails to meet any of the employment requirements for the Higher  
4 Education Assistance Contract.

5 (b) The amount of credits to be recaptured shall be determined  
6 by multiplying the total amount of credits taken for the Higher  
7 Education Assistance Contract provided to a student by a fraction  
8 that has: the total number of years of employment required under  
9 the Higher Education Assistance Contract, minus the number of  
10 years the student was actually employed, and the total number of  
11 years of employment required under the Higher Education Assis-  
12 tance Contract.

13 (c) The individual or corporation that claimed the credits shall  
14 pay the amount to be recaptured as determined under subsection  
15 (b) of this section as taxes payable to the Commonwealth for the

16 first taxable year in which the employment requirements of the  
17 Higher Education Assistance Contract are not fulfilled.

1 SECTION 4. The board of higher education and the office of  
2 the president of the university of Massachusetts, in conjunction  
3 with participating business entities, shall establish criteria for said  
4 contractual agreements entered into between participating students  
5 and business entities, above and beyond what has been previously  
6 set forth in this act.

1 SECTION 5. This act shall take effect upon its passage.